

Financial Highlights

Brief Report for 1st Quarter FY2008

28 July 2008

Kawasaki Kisen Kaisha, Ltd.

Agenda

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A. Financial Highlights for 1st Quarter FY2008

A-1. Financial Results

(Unit: billion yen)

	1Q FY2008 Results	1Q FY2007 Results	YoY Comparison	YoY Comparison (%)
Operating Revenues	349.5	309.2	40.3	13.0%
Operating Income	32.1	32.3	▲ 0.2	▲ 0.5%
Ordinary Income	33.3	36.1	▲ 2.7	▲ 7.6%
Net Income	21.5	25.8	▲ 4.3	▲ 16.6%
Exchange Rate	¥103.36	¥119.85	▲¥16.49	-
Fuel Price	\$542	\$332	\$210	-

(Unit: billion yen)

Business Segment		1Q FY2008 Results	1Q FY2007 Results	YoY Comparison
Container Business*	Operating Revenues	148.8	147.5	1.3
	Ordinary Income	▲ 1.0	8.0	▲ 9.0
Other Marine Business	Operating Revenues	172.4	134.1	38.3
	Ordinary Income	33.3	26.5	6.8
Others	Operating Revenues	28.3	27.6	0.7
	Ordinary Income	1.0	1.5	▲ 0.5
Total	Operating Revenues	349.5	309.2	40.3
	Ordinary Income	33.3	36.1	▲ 2.7

*Container Business includes agency and terminal business

Rise 16.49 Yen/US\$ in exchange rate resulted in approx. ▲ 5.8 billion yen of Ordinary Income, Y o Y

Increase of fuel oil price by \$210 per met. Ton resulted in approx. ▲13.7 billion yen of Ordinary Income, Y o Y

A-2. Key Points

<YoY comparison> Operating Revenues Increase +40.3 billion yen
Ordinary Income Decrease ▲2.7 billion yen

Factors for Revenue increase and Profit decrease :

- Strong bulk market
- Business expansion in all divisions with 12 newbuildings delivered in 1Q FY 2008
- Positive cargo flow in Containership Asia-Europe trades, etc.
- Soaring fuel oil price
- Rising yen against U.S. dollar
- Ship costs increase

(’07F 1Q 36.1 => ’08F 1Q 33.3billion yen)

Variation Factors	YoY Comparison
Fluctuation in Exchange Rate	▲ 5.8
Bunker Oil Price	▲ 13.7
Market Volatility	25.8
Business Expansion	4.7
Cost Increase/Decrease	▲ 10.3
Others	▲ 3.4
Total	▲ 2.7

A-3-1. Outline of Division-wise Results for 1Q FY2008

- for Container Business -



<YoY Comparison> Revenues increase / Profit decrease

Operating Revenues : 148.8 billion yen (Revenues increase +1.3 billion yen)

Ordinary Income : ▲1.0 billion yen (Profit decrease ▲9.0 billion yen)

Revenue increase factors:

- Business expansion
 - Enhancement in 'East-West' trades (Contribution of 8,000TEU-type ships, the largest in our fleet),
 - Reinforcement in 'North-South' trades (Start-up two new services from Asia to East and West Coast South America)
- Total loaded cargo volume (859 thousand TEU):
 - Steady cargo movements (+6.3% (YoY))
 - Load factor for Asia-Europe line West-bound, over 90%
- Freight rates (improved in YoY comparison, almost same as prospected)

	Asia- N.America	Asia- Europe	Trans- Atlantic*	Intra- Asia	North- South
Dominant	+10%	+13%	▲5%	+16%	+12%
Return	+18%	+42%	+23%	+2%	+13%

Profit decrease factors:

- Cargo volume from Asia to North America declined
- Fuel oil price jumped

*Dominant route in Trans-Atlantic services is west-bound

A-3-2. Outline of Division-wise Results for 1Q FY2008 - for Dry Bulk Business -



<YoY Comparison> Revenues and Profit increase

Revenue increase factors

- Business expansion : 4 new ships delivered
- Operating Tonnage : 49.0 => 53.6 million tons (+9.4%, YoY)

Profit increase factors

- Market for large-size: Significant rise starting from the beginning of this year; tremendously higher than the level for 1Q FY2007.
- Market for mid-size : Positive trend from steady demand; stayed in the stratosphere surpassing last year's level.
- Market for small-size : Buoyant phase with strong demand for cement, steel products, etc.

Dry Bulk Market (Pacific Round)	1Q FY 2008	1Q FY 2007	YoY Comparison	
			Amount	Ratio
Cape (170 type)	\$165,000	\$87,500	\$77,500	88.6%
Panamax (74 type)	\$67,000	\$44,000	\$23,000	52.3%
Handy (53 type)	\$57,500	\$39,500	\$18,000	45.6%

A-3-3. Outline of Division-wise Results for 1Q FY2008 - for Car Carrier Business -



<YoY Comparison> Revenues increase / Profit flat

Revenue increase factors :

- Business expansion (2 newbuilding delivery within 1Q FY2008, 5 ships delivered in FY 2007 started full operation.)
- Total units carried (inc. intra-Europe) : 846 =>905 thousand units (+7.0%, YoY)
 - General cargo trend is steady : While cargo for North America is slowing down, those from Japan /Far East to Latin America and Caribbean area, and also to Middle East and Africa, and cross transport increased.

Flat profit factors:

- Loaded volume growth with enhancement in transport capacity
- Actively taking cargo for China, India, Middle East, and South Africa, where demand for automobiles has been growing significantly
- Cost increase due to fuel oil price up.

A-3-4. Outline of Division-wise Results for 1Q FY2008 - for Energy Transportation-



<YoY Comparison> Revenues and Profit increase

Revenue increase factors

LNG Carrier : 5 new ships for the projects we got engaged delivered within 1Q
Stable operation in each existing project (total 38 vessels) including
a short-term chartered ship based on the positive spot cargo movements

Tanker : Business expansion

1 VLCC & 2 LPG carriers delivered in FY 2007 in full operation

Operating tonnage : 8,852 => 11,121 thousand tons (+25.6%, YoY)

Profit increase factors

Market for Aframax tanker and Clean tanker much stronger than 1Q FY 2007

Tanker Market(WS)	1Q FY 2008	1Q FY 2007	YoY Comparison	
			Amount	Ratio
VLCC (M.East/Jpn)	174	63	111	176.2%
Aframax (S.Asia/Jpn)	195	153	42	27.5%
Clean 70,000 type(M.East/ Jpn)	193	134	59	44.0%

A-3-5. Outline of Division-wise Results for 1Q FY2008 - for Other Business -



(Heavy Lifter)

- Fleet of 16 vessels, with 1 new ship delivered in this 1Q
- Earning grows steadily due to strong demand for energy and resource development

(Short Sea /Coastal Shipping)

<YoY Comparison> Revenues and Profit increase

- Improvement of customer service and business expansion
- Navigation with reduced speed for fuel cost saving, reorganization of service network

(Logistics)

<YoY Comparison> Revenues and Profit decrease

- Slowing down in air cargo demand for the U.S.A.

B. Prospects for FY2008

B-1. Prospects for 1st Half/Yearly FY2008



(Unit:billion yen)

	08F 1H Prospects		Comparison (1)-(2)	07F 1H	Comparison (1)-(3)	08F Yearly Prospects		Comparison (a)-(b)	07F Yearly	Comparison (a)-(c)
	Updaeted(1)	Original*(2)		Results(3)		Updaeted(a)	Original*(b)		Results (c)	
Operating Revenues	700.0	670.0	30.0	646.6	53.4	1,400.0	1,340.0	60.0	1,331.0	69.0
Operating Income	72.0	67.0	5.0	61.6	10.4	124.0	124.0	0.0	129.6	▲ 5.6
Ordniary Income	70.0	64.0	6.0	63.7	6.3	121.0	121.0	0.0	125.9	▲ 4.9
Net Income	47.0	41.0	6.0	44.0	3.0	78.0	78.0	0.0	83.0	▲ 5.0
Dividend	¥13.5	¥13.5	¥0	¥12	¥2	¥27	¥27	¥0	¥26	¥1
Exchange Rate	¥102	¥100	¥2	¥120	▲ ¥18	¥101	¥100	¥1	¥115	▲ ¥14
Bunker Price	\$621	\$520	\$101	\$353	\$268	\$685	\$520	\$165	\$407	\$278

*Original prospects were as of 25 April 2008, upon FY2007 yearly results release

-Prospected annual dividend for FY2008 : 27yen per share, Dividend ratio:22%

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx.+/-0.7billion yen per half year, +/-1.4billion yen full year

-Decrease/Increase of fuel price at \$10 per met. tons does by approx. +/-1.3billion yen for 1st Half, +/-0.8billion yen for 2nd Half

B-2. Business-wise Operating Revenues/Ordinary Income



(Unit: billion yen)

Business Segment		FY2008			FY2007			Comparison		
		1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Container Business *	Operating Revenues	148.8	165.2	314.0	147.5	153.3	300.8	1.3	11.9	13.2
	Ordinary Income	▲ 1.0	▲ 3.8	▲ 4.8	8.0	0.1	8.1	▲ 9.0	▲ 3.9	▲ 12.9
Other Marine Business	Operating Revenues	172.4	156.6	329.0	134.1	155.3	289.4	38.3	1.3	39.6
	Ordinary Income	33.3	39.2	72.5	26.5	25.9	52.4	6.8	13.3	20.1
Others	Operating Revenues	28.3	28.7	57.0	27.6	28.8	56.4	0.7	▲ 0.1	0.6
	Ordinary Income	1.0	1.3	2.3	1.5	1.7	3.2	▲ 0.5	▲ 0.4	▲ 0.9
Total	Operating Revenues	349.5	350.5	700.0	309.2	337.4	646.6	40.3	13.1	53.4
	Ordinary Income	33.3	36.7	70.0	36.1	27.6	63.7	▲ 2.7	9.1	6.3

*Container Business includes agency and terminal business

B-3. Key Points for 1st Half FY2008

<YoY Comparison> Operating Revenues 700.0 bln. yen (+53.4 bln. yen)

Ordinary Income 70.0 bln. yen (+6.3 bln. Yen)

Premises: Bunker oil price \$353=>\$621/ton, Exchange rate ¥120 =>¥102/US\$

<Comparison to Original Prospects*> Operating Revenues up (+30.0 bln. yen),

Ordinary Income up (+6.0 bln.yen)

Premises: Bunker oil price \$520=>\$621/ton, Exchange rate ¥100 =>¥102/US\$

(07F 1H Results 63.7bln. yen, 08F 1H original Prospects 64.0 bln. yen => 70.0 bln.yen)

Variation Factors	YoY Comparison	Comparison to Original Prospects
Fluctuation in Exchange Rate	▲ 12.6	1.4
Bunker Oil Price	▲ 34.8	▲ 13.1
Market Volatility	45.8	18.5
Business Expansion	15.4	2.7
Cost Increase/Decrease	▲ 17.6	▲ 3.7
Group Company	▲ 0.6	0.4
Others	10.7	▲ 0.2
Total	6.3	6.0

*Original Prospects was as of 25 April 2008, FY 2007 yearly results issue.

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx. +/-0.7billion yen, for the 1H FY2008

-Decrease/Increase of fuel oil prices at \$10 per met. tons does by approx. +/-1.3billion yen, for the 1H FY 2008

B-4-1. Division-wise Trends for 1H FY2008 Prospects - Container Business -



<Container Business>

YoY Comparison: Operating Revenues 314.0 bln. yen (+13.2 bln. yen)

Ordinary Income ▲4.8 bln. Yen (▲12.9 bln. yen)

-Positive cargo trends toward summer peak season

Steady growth in Asia-Europe trades, Asia-South America trades, and back-haul in Asia-North America trades.

-Loading volume estimation : 1.78 million TEU, 9% growth YoY, same as prospected)

-Freight Rate :

	Asia- N.America	Asia- Europe	Trans- Atlantic*	Intra- Asia	North- South
Dominant	+11%	+ 2%	▲6%	+8%	+13%
Return	+23%	+38%	+27%	+4%	+15%

*Dominant route in Trans-Atlantic services is west-bound

Freight restoration, Business expansion, Loading volume up < Cost increase, Fuel price up
=> Profit decrease

B-4-2. Division-wise Trends for 1H FY2008 Prospects - Dry Bulk & Car Carrier Business -



<Dry Bulk Business > Revenues and Profit increase, YoY

- Strong cargo flow mainly to China, or other emerging countries : Market stays at higher level
 Delivery of newbuildings (total 5 in 1H FY2008) : Business expansion
 Fuel price hike : Transportation cost increase

Dry Bulk Market (Pacific Round)	FY 2008 1H Original Prospects*	FY 2008 1Q Results	FY 2008 2Q Prospects	FY 2008 1H Prospects
Cape (170 type)	US\$100,000	\$165,000	\$160,000	\$162,500
Panamax (74 type)	US\$60,000	\$67,000	\$65,000	\$66,000
Handy(53 type)	US\$50,000	\$57,500	\$54,000	\$55,750

*Original Prospects was as of 25 April 2008, FY 2007 yearly results issue.

<Car Carrier Business> Stable tone

- World-wide growth of completed car trade : Continuously positive cargo trends
 Efficient ship deployment with optimal ship-type allotment : Steady increase of loading units
 Business expansion, Service enhancement
 Fuel oil price hike : Transportation cost increase

B-4-3. Division-wise Trends for 1H FY2008 Prospects - Energy Transportation & Heavy Lifter -



<Energy Transportation> Revenues and Profit increase, YoY

LNG Carrier : 4 newbuildings to be delivered in 2Q expanding our fleet to a total of 42 ships

Tanker : Our fleet size expansion. Market for Aframax and Clean tankers remain higher level.

Tanker Market (WS)	FY2008 1H Original Prospects*	FY 2008 1Q Results	FY 2008 2Q Results	FY2008 1H Prospects
VLCC (A.Gulf/Japan)	100	174	200	187
Aframax (South Asia/Japan)	150	195	217	206
Clean 70,000 type (A.Gulf/Japan)	180	193	240	217

*Original Prospects was as of 25 April 2008, FY 2007 yearly results issue.

<Heavy Lifter>

2 newbuilding delivery within 1H, expanding our fleet to a total of 17 ships

Supply/Demand situation for heavy cargo transport continuously tight and freight rate level is stable

B-5. Key Points for FY2008

<YoY Comparison>

Operating Revenues: 1,331.0 => 1,400.0 bln. yen (+69.0 bln. yen), Ordinary Income: 125.9 => 121.0 bln.yen (▲4.9 bln.yen)

Premises: Bunker oil price: \$408=>\$685 (1H \$353=>\$621, 2H \$460 =>\$750)

Exchange Rate ¥115=>¥101 (1H ¥120=>¥102, 2H ¥111=>¥100)

<Comparison to Original Prospects*>

Operating Revenues: 1,340.0 => 1,400 bln. Yen (+60.0 bln.yen), Ordinary Income: 121.0 bln. yen => 121.0 bln. yen (+/- 0 bln. yen)

Premises: Bunker oil price: \$520 => \$685 (1H \$520 => \$621, 2H \$520 => \$750)

Exchange Rate ¥100=>¥101 (1H ¥100 => ¥102, 2H ¥100 => ¥100)

-Fall/Rise 1yen/US\$ in exchange rate affects Ordinary Income by approx. +/-1.4 bln. yen, for FY2008

-Decrease/Increase of fuel price at \$10 per met. tons does by approx. +/-1.3 bln. yen for the 1H FY 2008, +/-0.8 bln. yen for the 2H FY 2008

Premises for dry bulk market

Cape size (\$/day)

	1Q	2Q	3Q	4Q	Yearly
FY2007 results	\$87,667	\$113,000	\$179,000	\$109,333	\$122,250
FY2008 original prospects*	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
FY2008 updated prospects	\$165,000	\$160,000	\$160,000	\$160,000	\$161,250

Panamax (\$/day)

	1Q	2Q	3Q	4Q	Yearly
FY2007 results	\$43,917	\$59,500	\$81,667	\$52,833	\$59,479
FY2008 original prospects*	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
FY2008 updated prospects	\$67,000	\$65,000	\$65,000	\$65,000	\$65,500

Handymax (\$/day)

	1Q	2Q	3Q	4Q	Yearly
FY2007 results	\$39,333	\$46,467	\$64,583	\$48,167	\$49,638
FY2008 original prospects*	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
FY2008 updated prospects	\$57,500	\$54,000	\$50,000	\$50,000	\$52,875

*Original Prospects was as of 25 April 2008, FY 2007 yearly results issue.